



New River Valley Commerce Park Participation Committee

6580 Valley Center Drive, Suite 124

Radford, VA 24141

Phone (540) 639-1524 FAX (540) 831-6093

Bland County

Henry M. Blessing

Craig County

Jay Polen

Giles County

Chris McKlarney

Montgomery County

Craig Meadows

Pulaski County

Peter M. Huber

Roanoke County

Doug Chittum

City of Radford

Bruce Brown

City of Roanoke

Brian Townsend

Town of Dublin

Doug Irvin

Town of Pearisburg

Kenneth F. Vittum

Town of Pulaski

Morgan Welker

Executive Committee:

Chris McKlarney, Chair

Giles County

Basil Edwards, Vice-Chair

City of Radford

Shawn Utt,

Secretary-Treasurer

Pulaski County

Jay Polen

Craig County

Brian Hamilton

Montgomery County

DATE: May 4, 2010
TO: NRV Commerce Park Participation Committee
FROM: Joe Morgan
SUBJECT: Wednesday, May 12 Meeting

A meeting of the New River Valley Commerce Park Participation Committee will be held on Wednesday, May 12 at noon at the Competitiveness Center, 6580 Valley Center Drive. The meeting will begin with a joint session with the NRV Economic Development Alliance Prospect Committee, which includes a round robin on items of interest. Lunch will be provided about 12:30 PM. The Commerce Park business meeting will follow lunch.

Please mark your calendar and contact us on your plans for attendance.

Agenda

1. Roll Call and Approval of Agenda
2. Public Comment
3. Approval of the March 10, 2010 meeting minutes (*attached*)
4. Administrative Staff Report (*attached*)
 - a) Participation Agreement Amendment #2 Adoption Status
 - b) Mowing Agreement with NRV Airport (*attached*)
5. Old Business
 - a) Engineering Design Team Update on Water and Sewer Capacity Expansion (*attached*)
 - b) New Commerce Park Shares for Water and Sewer Funding Pledge
 - c) Surplus Property Status
 - i. Lender Response to Boundary Adjustment for New Dublin Presbyterian Church Buffer and Five Acre Swap with Airport (*attached*)
 - ii. Mebane House Lots Listing Status (*attached*)
 - iii. Residential Rental Property Status (*attached*)
 - d) Insurance Procurement (*attached*)
 - e) Debt Restructuring
6. New Business
 - a) Marketing Staff Report
 - b) Strategic Planning
7. Closed Session (if needed)
8. Other Business
9. Adjournment - Next scheduled meeting: Wednesday, August 11, 2010 or in conjunction with a ground breaking ceremony for the water and sewer expansion construction

Virginia's FIRST REGIONAL INDUSTRIAL FACILITY AUTHORITY
New River Valley Commerce Park Participation Committee
Meeting Minutes -
March 10, 2010

1. Roll Call and Approval of Agenda

A meeting of the New River Valley Commerce Park Participation Committee will be held on Wednesday, March 10 at 12:27 pm at the Competitiveness Center in Radford. Roll call by member jurisdiction was taken and a quorum determined. Mr. McKlarney asked for a motion to approve the agenda.

Motion: Mr. Meadows moved the committee approve the agenda as provided. Mr. Polen seconded the motion.

Action: The motion passed unanimously, with 93.33% in the affirmative, 0.0% opposed, 0.0% abstaining and 6.67% absent (City of Roanoke).

2. Public Comment

No public comments were made.

3. Approval of the November 19, 2009 meeting minutes

Motion: Mr. Irvin moved approval of the November 19, 2009 meeting minutes. Mr. Welker seconded the motion.

Action: The motion passed unanimously, with 93.33% in the affirmative, 0.0% opposed, 0.0% abstaining and 6.67% absent (City of Roanoke).

4. Administrative Staff Report

A copy of the staff report and related attachments is filed with the records of this meeting. Mr. Morgan reviewed the program of work stating he is finishing the administrative tasks will be and will focusing more on the marketing and analysis tasks.

a) Participation Agreement Amendment #2 Adoption Status

Mr. Morgan advised the committee that the amendment has been adopted by the Towns of Pearisburg and Pulaski, Bland County, Giles County, Pulaski County, and Roanoke County. The document was structured to allow signatures pages to be combined without having a single document to be circulated to all members. Mr. Morgan offered any assistance if needed in presenting the document to member governments' boards and councils.

Mr. Meadows stated Montgomery County has approved the amendment.

On a related matter, Mr. Morgan stated the legislation requests to allow and define member withdrawal from Virginia's First Regional Industrial Facility Authority membership has been approved by both the Senate and House of Delegates and will be going to the Governor for final adoption into law.

b) New Commerce Park Shares for Water and Sewer Funding Pledge

At the August 12, 2009 Commerce Park meeting, the Participation Committee determined to set aside \$300,000 from excess Virginia's 1st dues as a reserve for payments on the water and sewer expansion. Mr. Morgan recommended designation of those reserves be made in additional Commerce Park shares and the excess funds be used for the purchase of the additional shares.

Purchase of a share is calculated at \$40 per share. Equal allocation of the \$300,000 water and sewer reserve would require 7,500 new shares, at 682 shares per member and a cost per member of \$27,273 for each of the 11 Commerce Park Members. Acquiring those shares by the 2013 start of debt repayment by the Pulaski County Public Service Authority (PCPSA) would be timely.

Mr. McKlarney asked if members would have the option to commit to debt service or not. Mr. Morgan stated some members may want to buy more or less than the 682 shares. Funding the water and sewer expansion by purchase of shares would demonstrate a reserve to pay the \$55,000 annual payment to the PCPSA for the water and sewer capacity availability and give back equity for an equivalent investment.

c) Surplus Property Status

A letter to Commerce Park lenders (Rural Development and Stellar One Bank) requesting release as collateral of the property to be transferred is included with the records of this meeting. Mr. Morgan is still waiting to hear from the lenders for approval of the release. Also included with the records of this meeting is a rental property map, as of 2007 for reference.

i. New Dublin Presbyterian Church Buffer

Approval was requested of the buffer transfer terms: lease purchase over a twenty year term at 3.75% interest per annum for a value of \$4,500 per acre for the area shown in the sketch included with the records of this meeting, with title transfer at end of the lease term.

Motion: Mr. Howlett moved the committee approve the buffer transfer terms with the new Dublin Presbyterian Church. Mr. Huber seconded the motion.

Action: The motion passed unanimously, with 93.33% in the affirmative, 0.0% opposed, 0.0% abstaining and 6.67% absent (City of Roanoke).

ii. Five Acre Swap with Airport

Mr. Morgan stated the property transfer is pending lender consent on lot release.

iii. Southeast of Rhuebush Road

Mr. Morgan continues to review options for disposition after details of easements needed for future rail and electric transmission extensions are determined.

iv. Mebane House Lots Listing Status

Mr. Morgan requested the Participation Committee authorize move to auction by Woltz & Associates, if no acceptable offers arise under current sale listing which ends May 10, 2010.

Mr. Edwards asked if there had been any interest in the property. Mr. Morgan replied there has been interest, but the price seems to hinder offers. He added that the house is still in good condition, but will need to be occupied soon or it will decline further.

Mr. McKlarney suggested staff ask Woltz & Associates to make a recommendation to the committee on the next step for disposing of the property. Mr. Welker asked about the current asking price and if it should be reduced. Mr. Morgan reviewed the prices on the different parcels of the property and stated the realtor understands the committee will review all offers made. Rural Development is still reviewing the proposal for meeting loan obligations while disposing of the property.

The committee came to a consensus to move toward auction structure and ask the realtor for a recommendation on whether there should be a change in the listing before going to auction. Mr. Morgan will report back to the committee on that recommendation.

v. Residential Rental Property Status

Mr. Morgan reported that staff continues to work with tenant Ronnie Lester, who is in arrears since July 2009. Mr. Morgan advised the committee that he is offering to reduce the amount in arrears through maintenance and security monitoring of the Mebane houses, grounds and entrance road. If satisfactory arrangements are not reached by May 1, it may be prudent to request Mr. Lester vacate the property and execute a note for the amount in arrears.

vi. Dalton Farms Agricultural Lease

Included in the records of this meeting are a letter and draft lease agreement to continue the lease by Dalton Farms, converting the no-cost rent that was granted for five years after the property purchase to terms similar to the lease of adjoining farmland by Guthrie Farms, with an annual cash rental lease of \$4,215.02 plus in-kind improvement or cash for a total annual rental consideration of \$10,537.56.

Motion: Mr. Irvin moved the committee approve the lease agreement with Dalton Farms. Mr. Hawley seconded the motion.

Action: The motion passed unanimously, with 93.33% in the affirmative, 0.0% opposed, 0.0% abstaining and 6.67% absent (City of Roanoke).

d) Airport Runway Paving Temporary Asphalt Plant at Commerce Park

Airport Manager Keith Holt requested contractors bidding on the pavement be allowed to utilize the Commerce Park as a site for a temporary asphalt plant. He further suggested such arrangements be made on an individual basis directly with the Commerce Park by interested bidders. No formal contractor requests have been received to date, but Mr. Morgan suggested the Commerce Park members would want to be of assistance to the Airport. The Executive Committee members have reviewed the request by e-mail and suggested the temporary arrangement be allowed if:

- the contractor puts up a bond/letter of credit just in case of any environmental remediation is needed; and

- a Phase I Environmental Site Assessment be made on the site for the plant prior to location, and have the same Phase I team review the site after the plant has shut down and cleaned up, with all costs born by the contractor.

On March 9, Mr. Morgan and Miss Straight met with contractors on-site along with representatives from Draper Aden supporting the Commerce Park's role. The asphalt plant doesn't appear to be a high risk of pollution from its operations. Mr. Morgan asked the committee for approval to offer the Commerce Park site for use. Committee members asked if there was a price for the contractor's use of the site. Mr. Morgan stated there was not an intention to generate revenue based on consultation with the Executive Committee. Environmental liabilities will be determined once a site is identified; Draper Aden will work with the contractor on site location and develop a plan for testing the site to determine the site conditions before and after use.

Motion: Mr. Howlett moved the committee offer to the airport use of a site at the Commerce Park for a temporary asphalt plant. Mr. Meadows seconded the motion.

Action: The motion passed unanimously, with 93.33% in the affirmative, 0.0% opposed, 0.0% abstaining and 6.67% absent (City of Roanoke).

e) Initiation of Development, Covenants and Communications Committee (DC&CC)

Mr. Morgan is identifying members and hopes to have the 2010 annual meeting by May. He stated he will need two Executive Committee members to serve on the DC&CC.

f) Easements

Mr. Morgan requested ratification of the following easements:

- AEP Access to Bobby R. Coleman Lot - 6062 Collier Street
- Water and Sewer Improvements – Easements granted reflect the current design status.

Motion: Mr. Edwards moved to ratify the easements executed as noted above. Mr. Huber seconded the motion.

Action: The motion passed unanimously, with 93.33% in the affirmative, 0.0% opposed, 0.0% abstaining and 6.67% absent (City of Roanoke).

g) Insurance Review

As authorized by the VA's 1st Board in January, updates are being made of current coverage with Erie Insurance. Procurement of coverage by July 1, 2010, as recommended by the McNeary, Inc. consultants review is planned, including requesting offers from VML Insurance Programs and VaCorp.

Mr. Morgan stated he plans to update coverage by July 1 unless concerns are expressed. The Executive Committee will review the offers to move forward when the information is acquired.

5. Old Business

a) Engineering Update

Regional Planner Christy Straight provided an overview of progress to date on the design and construction bidding schedule for the water and sewer upgrade. All environmental conditions required by the Economic Development Administration (EDA) before approval have been completed and accepted by EDA and applicable agencies. Design documents have been completed and approved by the EDA. Critical items to complete needed prior to bid advertisement are easement acquisition; Radford / Pulaski County PSA water agreement, and Rural Development (RD) acceptance of the Preliminary Engineering Report (PER) so that RD can process the loan application. Qualification for the lower interest rate (2.375%) based on critical health need is also yet to be confirmed. Meeting the September 2010 start of construction schedule required by the EDA grant terms still seems possible. Updated construction cost estimates, Draper Aden Associates draft response to RD on PER requirements, and latest bi-weekly design team meeting notes are included in the records of this meeting. A memo to the committee with a summary of progress to date is also included in the records of this meeting.

b) Executive Committee Status

Mr. Morgan stated use of an Executive Committee has been helpful, particularly for monthly bills review, meeting agenda review and advice to staff on action taken between Participation Committee meetings. The Executive Committee has enhanced a less frequent, full Participation Committee meeting schedule. Mr. Morgan suggested it is timely to move from a trial to an ongoing basis. The additional recommended duties are evaluation of the Executive Director and approval of action beyond those that are administrative duties. Most Executive Committee duties are advisory and can be handled by e-mail. For action items, Mr. Morgan understands the Virginia's First organizational documents would require a meeting with appropriate notice.

Motion: Mr. Howlett moved the committee move the Executive Committee be authorized to perform the actions listed above with the membership to act on ratifying their actions within 90 days. Mr. Polen seconded the motion.

Action: The motion passed unanimously, with 93.33% in the affirmative, 0.0% opposed, 0.0% abstaining and 6.67% absent (City of Roanoke).

c) Megasites Competition

Mr. Morgan continues to gather information on megasite and regional industrial facility authority (RIFA) developments in Virginia, particularly in light of the Governor's megasite initiative. He requested the committee members let him know of any other sources of information for megasites or RIFA's he would need to monitor. Megasites include Windsor, Fort Pickett, Chesterfield, Greenville and Danville/Pittsylvania. Mr. Morgan has examined the Greenville site and will talk with a contact about the Danville/Pittsylvania site. RIFA's have been organized in Wytheville/Wythe/Bland, Smyth/Washington, Heartland (Piedmont PDC localities), Galax/Carroll/Grayson, Charlottesville region, and Region 2000. Committee members may know of other megasites or RIFA's we need to monitor.

d) RAAP New River Works (Dublin) Rail Transfer Study by ATK

Mr. Morgan stated David Denny advised him the preliminary study results do not warrant an independent operation; however, if a rail user or car storage operation is developed at either the New River Works, ShaeDawn or Dublin industrial parks, a shared use rail transfer facility may be feasible. A large user is needed before the project would be feasible.

6. New Business

a) Marketing Staff Report

NRV Economic Development Alliance Director Aric Bopp was absent, as a new addition to his family had arrived earlier in the week. The Alliance is routinely recommending the Commerce Park to appropriate prospects.

Mr. Morgan updated the committee on the latest prospect relevant to the Commerce Park: Project Helios. Mr. Morgan reported the committee could offer land and the usual seven year incentives. The Commerce Park may not be right for a wind farm; the prospect has not done any studies on technically feasible sites. This is a first glance research by a Texas consultant for an Asian company prospect. Mr. Morgan stated Mr. Langston with VEDP thought the request for information may be a “fishing expedition” and that the prospect may be also be interested in a solar project. If the committee is interested in submitting he would send the information package to VEDP on Thursday. Tax generation would run to \$1 to \$2 million a year with a return cash flow in 20 years or so. The project would also keep 100/200 acres of developable acreage on the park.

Mr. Utt noted the land not designated as PID zoning would be suitable land for solar panels. The committee consensus was to submit an offer and see what response that generates.

Mr. McKlarney updated the group on the virtual call center prospect. He has met with the prospect and the project seems to have some life. Also, Falling Branch was the leading site for a veterinary products company, and the Commerce Park is a fall-back site. Project Aluminum is also still active and the Commerce Park is still under consideration.

b) FY 2010-11 Budget

Mr. Morgan informed the committee no change in the \$2.75 per share contribution is planned for fiscal year 2011. Expenses are also expected to track with expenses in FY10. A draft budget was provided at the meeting and a copy is included in the records of this meeting. Mr. Morgan also advised the group that adoption of the budget should be scheduled no later than the Virginia’s First annual meeting on July 14. He requested authorization to invoice member localities in the same amount as previous years. Mr. Meadows asked about the project development line item. Mr. Morgan stated it may be a possibility to contract from outside recruiting agency to provide input on the strategic planning and marketing activities. This is not feasible under the operating budget, but is included as a possibility.

Motion: Mr. Edwards moved the committee adopt the FY 2010-11 budget, as shown below.
Mr. Polen seconded the motion.

Action: The motion passed unanimously, with 93.33% in the affirmative, 0.0% opposed, 0.0% abstaining and 6.67% absent (City of Roanoke).

New River Valley Commerce Park
 Budget Adopted March 10, 2010
 July 2010 - June 2011

	FY2008 Actual	FY 2009 Actual	FY 2010 Adopted Budget	FY 2011 Proposed
Contracted Administration:				
PDC Personnel	\$37,504	\$37,759	\$22,960	\$22,960
Contracted Management		\$9,000	\$18,000	\$18,000
Contracted Site Coordination				
Transportation		above		
Travel / Per Diem		above	\$2,400	\$2,400
Administration Expenses				
Office Space		above	\$3,683	\$3,683
Telephone		above	\$1,200	\$1,200
Office Supplies		above	\$400	\$400
Postage		above	\$352	\$352
Printing		above	\$400	\$400
Copies		above		
Media Adv.		\$384	\$0	\$500
Participation Committee Expenss				\$1,500
Project Development				
Strategic Site Development and Marketing				
Utility Extension - \$70,000 per year starting 2011				
Professional Services				
Legal	\$1,450	\$513	\$2,000	\$2,000
Audit Fee	\$1,600	\$1,300	\$1,600	\$1,600
Engineering		\$1,867		
Other Professional Fees	\$32,823	\$25	\$1,000	\$1,000
Site Maintenance				
Miscellaneous	\$509	\$1,905	\$2,936	\$3,000
Equip Rental				
Equip Maint.			\$1,000	\$1,000
Materials/supplies			\$1,000	\$1,000
Insurance	\$4,001	\$3,787	\$4,300	\$4,300
Utilities		\$254	\$600	\$600
Environmental (Well Monitoring, etc.)		\$6,666	\$8,000	\$8,000
Equipment Depreciation	\$4,335			
Capital Outlay				
Contractual Service				\$30,000
Contractual Service				
Recruitment	\$26,300			
Total Operational Expenses	\$82,222	\$63,459	\$71,831	\$103,895
Debt Service:		\$353,553		
Revenue Bond 40 Yr	\$119,448		\$119,448	\$119,448
Revenue Bond 40 Yr	\$123,096		\$123,096	\$123,096
Bank Loan 20 Yr	\$111,009		\$113,981	\$113,981
	\$353,553		\$356,525	\$356,525
Total Expenses	\$462,075	\$480,471	\$428,356	\$460,420
	FY2008 Actual		FY 2010 Adopted Budget	FY 2011 Proposed
Participant Shares				
Bland County	\$5,900	\$5,900	\$5,900	\$5,900
Craig County	\$5,844	\$5,844	\$5,844	\$5,844
Giles County	\$55,851	\$55,851	\$55,851	\$55,851
Montgomery County	\$55,851	\$55,851	\$55,851	\$55,851
Pulaski County	\$180,172	\$180,172	\$180,172	\$180,172
Roanoke County	\$29,255	\$29,255	\$29,255	\$29,255
City of Radford	\$23,258	\$23,258	\$23,258	\$23,258
City of Roanoke	\$27,500	\$27,500	\$27,500	\$27,500
Town of Dublin	\$2,968	\$2,968	\$2,968	\$2,968
Town of Pearisburg	\$5,900	\$5,900	\$5,900	\$5,900
Town of Pulaski	\$20,001	\$20,001	\$20,001	\$20,001
Subtotal Shares	\$412,500	\$412,500	\$412,500	\$412,500
Interest (Estimated)	\$17,862	\$7,230	\$5,000	\$5,000
Land and Building Leases	\$11,401	\$9,981	\$13,795	\$15,478
Total Estimated Income	\$441,763	\$429,711	\$431,295	\$432,978
Transfer from fund balance				\$30,000.00
Balance -deficit	-\$20,312	-\$50,760	\$2,939	\$2,558

c) Debt Restructuring

Mr. Morgan recommended re-evaluating the current Commerce Park debt structure. The Stellar One \$1.12 million loan is capped at 5%, as noted in the annual interest rate renewal statement included in the records of this meeting. However, the market rate index is 2.5% lower. To take advantage of the current historic low interest rates may require member governments to provide moral obligation surety.

Motion: Mr. Howlett moved the committee authorize staff to evaluate the Commerce Park debt structure and pursue restructuring. Mr. Polen seconded the motion.

Action: The motion passed unanimously, with 93.33% in the affirmative, 0.0% opposed, 0.0% abstaining and 6.67% absent (City of Roanoke).

d) Election of Officers

Mr. Morgan noted that current officers' terms expire in July, requiring new officers be elected or re-elected for the upcoming 2010- 2012 term. Mr. McKlarney opened the floor for nominations as follows:

Motions:

- Chair: Mr. McKlarney nominated Basil Edwards. Mr. Utt seconded the nomination.
- Vice Chair: Mr. Huber nominated Chris McKlarney. Mr. Utt seconded the nomination.
- Secretary/Treasurer: Mr. Meadows nominated Mr. Utt. Mr. Polen seconded the nomination.
- Executive Committee Members-at-large: Mr. Meadows nominated current Executive Committee Members-at-large, Mr. Hamilton and Mr. Polen. Mr. Irvin seconded the nomination.

Mr. McKlarney presented the slate of nomination for the committee to vote.

Action: The slate was elected unanimously, with 72.74% in the affirmative, 0.0% opposed, 20.59% abstaining (Counties of Craig and Giles, City of Radford) and 6.67% absent (City of Roanoke).

7. Closed Session

No closed session was held.

8. Other Business

No other business was brought before the committee.

9. Adjournment

With no further business to discuss the meeting was adjourned at 1:15 pm. The next meeting will be on Wednesday, May 12, 2010, at noon.

Mr. Morgan stated the Economic Development Alliance's Prospect Team typically meets at this time. He proposed inviting them to this meeting and lunch and then to stay for an update. The May meeting date may be moved to overlap with groundbreaking activity for the water and sewer project, whenever bidding and contract award allows a date to be better determined.

The Executive Committee was requested to meet following the full meeting.

Respectfully Submitted,

Approved by,

Joseph N. Morgan, Executive Director

Shawn Utt, Secretary / Treasurer

**New River Valley Commerce Park
Participation Committee
Attendance**

March 10, 2010
New River Valley Competitiveness Center
Radford, VA

Jurisdiction	Member	Alternate
Bland County	() John C. Thompson () Henry M. Blessing	(x) Willie Howlett
Craig County	(x) Jay Polen	
Giles County	(x) Chris McKlarney	() Richard McCoy
Montgomery	(x) Craig Meadows	() Carol Edmonds
Pulaski County	(x) Peter Huber	(x) Shawn Utt
Roanoke County	(x) Douglas Chittum	() Charlotte Moore
City of Radford	() Bruce Brown	(x) Basil Edwards
City of Roanoke	() Brian Townsend	() Court Rosen
Town of Dublin	(x) Doug Irvin	() Bill Parker
Town of Pearisburg	(x) Ken Vittum	() Brad Jones
Town of Pulaski	(x) Morgan Welker	(x) John Hawley

Member is designated by locality representatives. Alternate is the other appointed member.

Others Present: Ron Coake

Staff Present: Joe Morgan, Kevin Byrd, Christy Straight



New River Valley Commerce Park Participation Committee

6580 Valley Center Drive, Suite 124

Radford, VA 24141

Phone (540) 639-1524 FAX (540) 831-6093

Bland County

Henry M. Blessing

Craig County

Jay Polen

Giles County

Chris McKlarney

Montgomery County

Craig Meadows

Pulaski County

Peter M. Huber

Roanoke County

Doug Chittum

City of Radford

Bruce Brown

City of Roanoke

Brian Townsend

Town of Dublin

Doug Irvin

Town of Pearisburg

Kenneth F. Vittum

Town of Pulaski

Morgan Welker

Executive Committee:

Chris McKlarney,
Chair

Giles County
Basil Edwards, Vice-
Chair

City of Radford
Shawn Utt,
Secretary-Treasurer

Pulaski County
Jay Polen

Craig County

Brian Hamilton

Montgomery County

DATE: May 5, 2010
TO: NRV Commerce Park Participation Committee
FROM: Joe Morgan
SUBJECT: May 12, 2010 Meeting Administrative Staff Report

Information and recommendations on the agenda items are:

- 1) **Roll Call and Approval of Agenda** – Roll will be called by member jurisdictions. A quorum of six members is required.
- 2) **Public Comment** – No request for comment has been made at this time.
- 3) **Approval of the March 10, 2010 meeting minutes (attached)**
- 4) **Administrative Staff Report**
 - a) **Participation Agreement Amendment #2 Adoption Status** - I understand the Towns of Pearisburg and Pulaski, plus the Counties of Bland, Giles, Montgomery, Pulaski, and Roanoke have adopted amendment #2. So Craig County, Roanoke and Radford Cities and Dublin Town are yet to adopt. Roanoke City has scheduled consideration for May 17. Radford has scheduled consideration for May 10.
 - b) **Mowing Agreement with NRV Airport** -To document the Airport use of the Commerce Park tractor and mower in return for Commerce Park entrance, roadway, sign area and Mebane house lawn, adoption of a memorandum of understanding similar to the attached example is recommended. I have also offered to provide the airport with a trailer to transport their smaller riding mower to the Mebane house.
- 5) **Old Business**
 - a) **Engineering Design Team Update on Water and Sewer Capacity Expansion** – A report from the team is expected on options to get the construction underway prior to the September 2010 deadline for Economic Development Administration (EDA) grant funding. Attached is the latest meeting report. To meet the EDA grant deadline, it may be necessary to forgo Rural Development (RD) financing for the sewer portion of the project. Pulaski County Administrator Pete Huber spoke with Travis Jackson of RD on May 4. Mr. Jackson indicated that RD would approve proceeding to construction without jeopardizing RD funding. If Rural Development for the sewer is not forthcoming, conventional bank financing or cash funding of the estimated \$241,867 sewer portion of the project attributable to the Commerce Park is suggested. Attached is an estimate of the sewer only portion of the project, including an example of the bank financing or cash contribution for the sewer portion. Changing to bank financing is estimated to increase the current annual debt service pledge of \$55,000 by about \$10,000 per year for the first 20 years of the financing. The debt service pledge would be reduced by about \$10,000 for the last 18 years of the financing. Using cash for the sewer should reduce the debt service pledge about \$10,000 per year for the entire 38 year financing term.

b) **New Commerce Park Shares for Water and Sewer Funding Pledge** - Purchase of a share is calculated at \$40 per share. Equal allocation of the \$300,000 water and sewer reserve would require 7,500 new shares, at 682 shares per member and a cost per member of \$27,273 for each of the 11 Commerce Park Members. Acquiring those shares by the anticipated 2013 start of debt repayment by the Pulaski County Public Service Authority (PCPSA) or the need for cash contribution to the project would be timely. Confirmation of this additional share approach is requested.

c) **Surplus Property Status**

i. **Lender Response to Boundary Adjustment for New Dublin Presbyterian Church Buffer and Five Acre Swap with Airport** – See attached RD approval of the boundary adjustments. Stellar One Bank approval has been requested and acknowledged, but there is no response from loan officer Mary Tabor to date. I anticipate Stellar One approval will allow the boundary adjustments to be implemented. RD is requiring the lease purchase payments from the Church for the buffer to be applied towards the loan.

ii. **Mebane House Lots Listing Status** – I have consulted Agent Quinn Thomas of Woltz and Associates regarding a strategy for auction sale of the property, as noted in the attached e-mail. It may be possible that owner financing, with the proceeds going to the current lenders, would reduce the current debt service payments, allowing for more revenue to fund the water and sewer expansion. Attached is an example of application of all or a portion of the surplus property sales / lease proceeds to the current debt service. Applying sales proceeds to the loan principal only shortens the loans' term, but does not provide cash flow relief in the next decade. If the lenders are willing to apply the sale or lease proceeds to the current payments, along with retaining "above water" loan status, cash flow savings to offset the water and sewer capacity pledge can be achieved.

iii. **Residential Rental Property Status** - Attached is a draft notice of lease violation and request for Mr. Ronnie Lester to vacate the double wide manufactured home he has occupied for several years.

d) **Insurance Procurement (attached)** – Both VACo Risk Management and VML Insurance Programs submitted proposals for insurance coverage. The coverage was as recommended in the McNeary, Inc. recommendations completed in January. The VACo quote of \$1,663 was lower than the VML quote of \$1,966. Accepting the VACo quote is recommended. Both quotes are significantly lower than the more than \$4,000 recent annual expense with Erie Insurance and VA Risk.

e) **Debt Restructuring** - I am consulting with bond counsel for the current debt to determine what taxable status can be expected for a restructuring of the bank financing.

6. **New Business**

a) **Marketing Staff Report** – NRV Economic Development Executive Director Aric Bopp may have additional information to share. Since the Participation Committee has been using a second Wednesday lunch meeting this year, there is a schedule conflict for Commerce Park representatives that also participate in the Alliance Prospect Committee meeting. For the convenience of representatives attending both meetings, it might be best to delay the Commerce Park meetings until 1:00 PM, but still use a lunch setting to make best use of time.

b) **Strategic Planning** – I anticipate an update on planning efforts ongoing in southside and western Virginia, particularly in light of the Governor's megasite initiative.

7. **Closed Session (if needed)**

8. **Other Business**

9. **Adjournment - Next scheduled meeting: Wednesday, August 11, 2010 or in conjunction with a ground breaking ceremony for the water and sewer expansion construction**

Memorandum of Understanding

This document constitutes a Memorandum of Understanding (MOU) between Virginia's First Regional Industrial Facility Authority (Virginia's First) and the New River Valley Airport Commission (Airport) regarding mowing services at the Commerce Park property in exchange for used of Virginia's First mowing equipment.

Virginia's First Role and Responsibilities

Virginia's First will provide mowing equipment to include the list of equipment under Resources to the Airport for mowing on their property in exchange for mowing services as detailed in the airport's role and responsibilities. Equipment will be stored in the shed on the Commerce Park property when not in use.

Insurance coverage on the equipment listed in Resources and valued at more than \$1,000 will be maintained by Virginia's First. No liability will be assumed by Virginia's First for the actions of the Airport with respect to the purposes of this agreement.

A log will be provided by Virginia's First to the Airport to record the use of the equipment including but not limited to dates of use and general condition review of equipment. Virginia's First will be responsible for maintenance of equipment when needed, as advised by the Airport.

Should mowing be required in advance of a site visit to the Commerce Park, Virginia's First will notify the Airport of a need for their services and indicate the date by which mowing is needed.

Airport's Role and Responsibilities

The Airport will be given access to and use of the Commerce park's mowing equipment in exchange for mowing the Commerce Park entrance road shoulders, water tank access road shoulders, 5C Road shoulders, areas around both stone base signs, and the Mebane house lawn.

Frequency of mowing shall be as needed to keep areas in an attractive appearance, including at least monthly and in advance of a scheduled Commerce Park prospective business visit.

Equipment used by the airport will be returned in the condition it was received, excepting normal wear and tear. The Airport will complete a log entry in the form provided by Virginia's First including but not limited to dates of use and general condition review of equipment. The Airport will submit the usage log to Virginia's First on a quarterly basis. The Airport will advise Virginia's First whenever maintenance of equipment is needed.

In addition, Airport will, at the Airport Manager's discretion, use Airport mowing equipment to accomplish the desire Commerce Park property mowing.

No liability is assumed by the Airport for the actions of Virginia's First with respect to the purposes of this agreement.

Coordination of Activities

The Airport Manger and the Virginia's First Executive Director, or their designees, will arrange for coordination of the mowing activities so as to offer the least disturbance to the activities of the Airport operation.

Resources

Equipment owned by Virginia's First to be used under this MOU:

- TL90 New Holland Tractor (serial number 1306830);
- 52LA New Holland Loader (serial number 53C0144);
- Bush Hog 2615 Legend Mower (Fowlkes Equipment, Wytheville, stock # 17497); and
- Gill HBL84-2 Woods Scraper Blade, (Fowlkes Stock # 17340)
- Trailer to be acquired to transport Airport's riding mowing equipment, as well as trimming equipment, to Commerce Park site
- Miscellaneous tools stored in Commerce Park equipment shed

We hereby agree to abide by the terms and conditions contained in this Memorandum of Understanding between Virginia's First Regional Industrial Facility Authority and the New River Valley Airport Commission for the purpose of grounds maintenance at the Commerce Park property and shared mowing equipment.

This memorandum of understanding will be entered on a calendar year basis, beginning with 2010. It will extend indefinitely until either party gives notice by the end of any calendar year of its desire to withdraw from the memorandum of understanding.

Joseph N. "Joe" Morgan, Executive Director, Virginia's
First Regional Industrial Facility Authority

Date: _____

Keith Holt, Manager, New River Valley Airport

Date: _____

NEW RIVER VALLEY PLANNING DISTRICT COMMISSION

6580 Valley Center Drive, Suite 124
Radford, Virginia 24141

Phone: (540) 639-9313 Fax: (540) 831-6093 E-Mail: nrvpdc@nrpdc.org Website: www.nrvpdc.org



Kevin R. Byrd, AICP
Executive Director

Memorandum

Date: May 3, 2010
To: Commerce Park Infrastructure Improvements Project Team
From: Christy Straight
Subject: Summary of April 28 project team meeting

Attendees

Pete Huber, PSA	Gary McCollum, DAA
Ronnie Coake, PSA	Lowell Bowman, A&A
Kevin Byrd, NRVPCD	Theron Barrineau, A&A
Christy Straight, NRVPCD	Joe Morgan, Virginia's First (via phone)
Rick DiSalvo, DAA	

Summary

❖ Critical Path Items: Easements

Freier: The Pulaski board has approved a quick-take proceeding as long as it goes back to the board before being implemented. Christy stated Dave has been attempting to contact the property owner without any success; they appear to be out of town.

Ronnie mentioned Kenny Bolling agreed to an easement across the BGB property (removing a need for the Freier easement) with the understanding that the terms would be made right after the fact. This would be a backup solution to acquiring the Freier easement. This would also be different than the easement already acquired for the BGB property.

The title opinion documentation for EDA should be started soon. This is the final approval needed from EDA before bid advertisements. Lowell will prepare part one of the Site Certificate and forward the information to the county attorney (Tom McCarthy) via Pete and Ronnie. Tom will need to prepare part two (Title Opinion) of the documentation. Pete will complete part three regarding eminent domain.

Discussion of the title opinion documentation raised the issue of two potential condemnations for the project (Akers and Freier properties). EDA requests notice that eminent domain will be used. Christy will contact the EDA representative to advise them of the county's intention to use condemnation and determine if this is acceptable as well as what, if anything else, needs to be done.

❖ **Critical Path Items: Rural Development (RD) financing**

Ronnie spoke with Robert Hilt at RD and discussed an option should their pre-approval letter not be in place for the loan to meet EDA's deadline for starting construction. Robert suggested the county write a letter to RD regarding required construction start date and the necessity to proceed without the loan thereby requesting RD's agreement to proceed with the understanding that the county is at risk for money spent should the PERs or loan not be approved for the project.

❖ **Critical Path Items: RD Water PER**

The Radford water agreement will need to be amended to satisfy RD's request that it include the following items: "If the Water Supply Plan fails to address equitable distribution of water during shortages then the Agreement must be amended accordingly. In addition, the Agreement must be pledged to USDA Rural Development." Pete will advise the city that an amendment will be needed.

The engineers raised a few more outstanding questions and received input from the team.

❖ **Critical Path Items: Sewer contracts (financing and/or PER)**

Pete stated a conventional loan remains an option for financing the sewer portion of the project. This option may be pursued pending RD's review of the county's request to proceed with the project before receiving PER approval and the loan pre-approval letter.

Ronnie asked the engineers to proceed with responding to RD's comments on the sewer PER by addressing the adequacy of capacity to handle anticipated flows rather than discussing the allocations of users, rather than the more extensive options discussed at the previous meeting.

❖ **Briefing to the NRV Commerce Park Participation Committee**

Joe asked for a project briefing to the committee; Rick will handle this. Joe anticipates making a recommendation to the committee regarding the \$300,000 reserve and assistance with immediate financing that may be needed to keep the project on schedule.

❖ **EDA reporting**

Christy stated the semi-annual financial report is being prepared for EDA and will be submitted on Thursday (April 29). A copy was provided to Pete, Ronnie, and Diane Newby at the county for review; any comments or corrections received before Thursday afternoon will be applied to the report submitted to EDA.

❖ **Soils testing**

Samples for the Commerce Park-Highland Park waterline are being identified and collected.

❖ **Tasks to be completed ASAP**

Several items need to be completed within the next week. The group will communicate via e-mail on their progress with these items:

- | | |
|---------|---|
| Ronnie: | Letter to RD requesting permission to proceed with construction without loan pre-approval |
| Ronnie: | Provide pump station flows information to engineers for sewer PER |

- Pete: Advise City of Radford that the water agreement will need to be amended in the near future
- Engineering team: Address RD's sewer PER comments per Ronnie's direction
- Engineering team: Complete and submit the response to RD's comments on the water PER
- Lowell/County staff: Start EDA title opinion paperwork
- Christy: Advise EDA of two potential condemnations for the project
- Christy: Provide copy of Freier communications to date to Ronnie

❖ **Next project team meeting — May 12, 3:00 pm**

The next meeting will be held at the Competitiveness Center Training Room, following the New River Valley Commerce Park Participation Committee meeting.

NEW RIVER VALLEY PLANNING DISTRICT COMMISSION

6580 Valley Center Drive, Suite 124
Radford, Virginia 24141

Phone: (540) 639-9313

Fax: (540) 831-6093

E-Mail: [nrpdc@nrpdc.org](mailto:nrvpdc@nrpdc.org)

Website: www.nrvpdc.org



Kevin R. Byrd, AICP
Executive Director

Memorandum

Date: May 4, 2010
To: Commerce Park Participation Committee
From: Christy Straight
Subject: Water and Sewer Infrastructure Improvements Project

The following summarizes further activity on tasks identified in the April 28 meeting summary:

Task	Status	Responsible team member	Progress update
Letter to RD requesting permission to proceed with construction without loan pre-approval	In progress	Ronnie	Pete spoke with Travis Tuesday afternoon and Travis indicated that RD would approve our proceeding to construction without jeopardizing RD funding upon receipt of a letter making this request. Ron Coake has drafted that letter and it will be going out to RD Wednesday. If this approach does not work, Pete anticipates acquiring alternate financing for the sewer portion of the project.
Provide pump station flows information to engineers for sewer PER	COMPLETED	Ronnie	Information received on April 29
Advise City of Radford that the water agreement will need to be amended in the near future	COMPLETED	Pete	Pete has notified the City of Radford that the water purchase agreement between the City and the PSA will need to be modified in order to qualify for RD funding. Dave Ridpath is willing to assist in whatever way he can.
Address RD's sewer PER comments per Ronnie's direction	In progress	Engineering team	In process. Changes are more than we anticipated, but hope to release revisions mid week to RD.
Complete and submit the response to RD's comments on the water PER	COMPLETED	Engineering team	Done on April 30, 2010

Counties:

Floyd, Giles, Montgomery, Pulaski

Towns:

Blacksburg, Christiansburg, Floyd
Pulaski, Narrows, Pearisburg, Rich Creek

Universities:

Radford University
Virginia Polytechnic Institute & State University

City:

Radford

Start EDA title opinion paperwork		Lowell/County staff	Lowell, Tom McCarthy, and Dave Ratcliff will be meeting Thursday to go over paperwork.
Advise EDA of two potential condemnations for the project	COMPLETED	Christy	County needs to prepare letter requesting EDA approval for condemnation, if negotiation cannot be completed.
Provide copy of Freier communications to date to Ronnie	COMPLETED	Christy	Dave has since had contact with Freiers and will be meeting to discuss

Commerce Park Sewer Cost Estimate

	Total Cost	EDA Grant		Total Match		Commerce Park		Pulaski Co PSA	
		Grant	%	Match	%	Match	%	Match	%
Contract No 5 - On Site Sewer - CP 8-inch Sewer	\$262,434	\$123,081	46.9%	\$139,352	53.1%	\$69,676	26.6%	\$69,676	26.6%
Contract No 6 - 12-inch Force Main - CP 12-inch Sewer Force Main	\$403,425	\$189,206	46.9%	\$214,219	53.1%	\$214,219	53.1%	\$0	0.0%
Estimated Construction Cost	\$665,859	\$312,288	46.9%	\$353,571	53.1%	\$283,895	42.6%	\$69,676	10.5%
E,L,M and Contingency	\$119,855	\$56,212	46.9%	\$63,643	53.1%	\$51,101	42.6%	\$12,542	10.5%
Project Total	\$785,713	\$368,500	46.9%	\$417,214	53.1%	\$334,996	42.6%	\$82,218	10.5%
Adjustment for grant eligibility						(\$93,129)	-27.80%	\$93,129	
Total Cost	\$785,713	\$368,500	46.9%	\$417,214	53.1%	\$241,867	30.8%	\$175,347	22.3%

Sewer Only Annual Debt

	Term in Years	Estimated Interest Rate	Annual Payment	Commerce Park Annual Payment	% of Match	PSA Annual Payment	% of Match
Rural Development	38	2.75%	(\$17,835)	(\$10,339)	58.0%	(\$7,496)	42.0%
Bank Qualified Financing	20	3.50%	(\$29,356)	(\$17,018)	58.0%	(\$12,338)	42.0%
Taxable Financing	20	5%	(\$33,478)	(\$19,408)	58.0%	(\$14,070)	42.0%

Water Only Cost and Financing

Estimated Water and Sewer Construction Cost	\$5,425,814	\$2,544,707	46.9%	\$2,881,107	53.1%	\$1,526,099	28.1%	\$1,355,009	25.0%
Estimated Water Only Construction Cost	\$4,759,955	\$2,232,419		\$2,527,536		\$1,242,204		\$1,285,332	
E,L,M and Contingency	\$856,792	\$401,835	46.9%	\$454,957	53.1%	\$223,597	26.1%	\$231,360	27.0%
Project Total	\$5,616,747	\$2,634,254	46.9%	\$2,982,493	53.1%	\$1,465,801	26.1%	\$1,516,692	27.0%
Adjustment for grant eligibility						(\$407,667)		\$407,667	
Total Cost	\$5,616,747	\$2,634,254	46.9%	\$2,982,493	53.1%	\$1,058,133	18.8%	\$1,924,359	34.3%

Water Only Annual Debt

	Term in Years	Estimated Interest Rate	Annual Payment	Commerce Park Annual Payment	% of Match	PSA Annual Payment	% of Match
Rural Development	38	2.75%	(\$127,495)	(\$45,233)	35.5%	(\$82,262)	64.5%



United States Department of Agriculture
Rural Development
Wytheville

RECEIVED
APR 12 2010
NRVPDC

April 8, 2010

New River Valley Commerce Park Participation Committee
Attn: Joseph N. Morgan, Executive Director
6580 Valley Center Road, Suite 124
Radford, VA 24141

Re: Boundary Adjustments and Sale of Property

Dear Mr. Morgan:

Your request has been reviewed and we offer the following comments to you.

1. Boundary adjustment 1 is for the five acres swapped with the NRV Airport for the entrance road.

This request is approved. Please provide a new plat for our records.

2. The second boundary adjustment is to help better buffer New Dublin Presbyterian Church.

A copy of the draft lease purchase agreement must be sent for review. The lease payments would have to be applied as extra payment to the Rural Development loans.

3. Sale of 35+/- acres list for sale around and including the historic Mebane House.

Rural Development does not consent to the sale of any property at this time since the current payoff is greater than the appraised value.

Please contact this office with any questions you may have. Thank you.

Sincerely,

Kathy Alley, Area Specialist
for TRAVIS D. JACKSON
Area Director

100 USDA Drive, Wytheville, VA 24382
PHONE: 276-228-3513 Ext. 4 FAX: 276-228-2049
Committed to the future of rural communities

USDA is an equal opportunity provider, employer and lender.

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building,
14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). Page 22 of 62

Joe Morgan

From: Joe Morgan
Sent: Sunday, May 02, 2010 7:17 AM
To: QUINN THOMAS (quinn@woltz.com)
Cc: Christy Straight (cstraight@nrvc.org)
Attachments: 4-8-2010 RD Approval of NRV Airport 5 acre swap and Church buffer.pdf; Report to RD and Stellar One on Surplus Property and FY09 Annual Report- 1-10.pdf; Rental Property Map August2007.pdf

Quinn,

I hope your are doing well.

It's time to catch up on the Commerce Park surplus property listing and strategy.

At the March 10, Commerce Park Participation Committee, general strategy discussion occurred, as noted in following excerpt from the meeting minutes:

i. Mebane House Lots Listing Status

Mr. Morgan requested the Participation Committee authorize move to auction by Woltz & Associates, if no acceptable offers arise under current sale listing which ends May 10, 2010.

Mr. Edwards asked if there had been any interest in the property. Mr. Morgan replied there has been interest, but the price seems to hinder offers. He added that the house is still in good condition, but will need to be occupied soon or it will decline further.

Mr. McKlarney suggested staff ask Woltz & Associates to make a recommendation to the committee on the next step for disposing of the property. Mr. Welker asked about the current asking price and if it should be reduced. Mr. Morgan reviewed the prices on the different parcels of the property and stated the realtor understands the committee will review all offers made. Rural Development is still reviewing the proposal for meeting loan obligations while disposing of the property.

The committee came to a consensus to move toward auction structure and ask the realtor for a recommendation on whether there should be a change in the listing before going to auction. Mr. Morgan will report back to the committee on that recommendation.

ii. Residential Rental Property Status

Mr. Morgan reported that staff continues to work with tenant Ronnie Lester, who is in arrears since July 2009. Mr. Morgan advised the committee that he is offering to reduce the amount in arrears through maintenance and security monitoring of the Mebane houses, grounds and entrance road. If satisfactory arrangements are not reached by May 1, it may be prudent to request Mr. Lester vacate the property and execute a note for the amount in arrears.

We have also been in contact with our lenders regarding what terms they will demand for release of their lien on the property. Attached is my inquiry to them and a response from Rural Development. Stellar One Bank has yet to respond, but is considering supporting the RD position. So it appears any sale terms must return the proceeds to the lenders to get the outstanding principal at a level acceptable to the lenders. Obviously they want the remaining land held as collateral to not be "under water". The current difference between the appraised value on

the residual industrial park land plus green space buffer and the principal is \$200,000 to \$300,000. I hope we can develop a strategy that uses any sale proceeds to work within the current annual debt payment level of \$360,000 plus \$60,000 of new annual debt for the 1 million gallon per day water and sewer capacity increase. One approach might be to owner finance the surplus property and dedicate the payments to the existing debt service of RD and Stellar One, with the amount of the financed payments applied to the new debt for the water and sewer capacity increase. Maybe financing \$500,000 for 30 years at 5%, yielding about \$2,700 per month and \$32,000 per year would enhance the sale and appease the lenders. Your advice on a sales / finance approach, etc. would be appreciated.

After getting more familiar with the property, I am not sure why more land across the entrance road from the Mebane house is not offered for sale. I know the agricultural tenant uses the road and fencing at the Mebane house driveway for access and cattle staging. However, the value to the Mebane house buyer of that adjacent property may exceed the value of the farm lease. So it may make sense to relocate the farming entrance and cattle staging area to a location in less proximity to the Mebane house. It might also make sense to offer the purchaser of the Mebane house the agricultural lease. That would give them some control over the adjacent property. They could probably sublease to the current renters. Joe Guthrie, acting as Guthrie farms leases the property across the road from the Mebane house and Dale and Janet Flory lease the fields listed for sale. Attached for reference is a rental property map of 2007, which generally reflects the current lease arrangements except for cost of living rent rate increases and conversion of the Dalton Farms lease to a cash and in-kind improvements basis effective April 1, 2010.

It would be good to talk on this Monday or Tuesday to get your insight. I'm preparing a report to go to the Commerce Park Participation Committee by Tuesday evening, May 4. I can be reached at 804.441.1646 at your convenience.

Thanks, Joe

Joseph N. (Joe) Morgan
Executive Director
Virginia's First Regional Industrial Facility Authority
6580 Valley Center Drive, Suite 124
Radford, VA 24141
540.639.1524 ext 218 voice mail
804.441.1646 cell
jmorgan@nrfdc.org - primary e-mail
jmorgan@megahits.com - secondary e-mail

This communication is confidential and intended for the addressee only. If you are not the intended recipient, please notify the sender immediately and then delete this communication from all data storage devices and destroy all hard copies. Dissemination, distribution, copying and/or other use of the information contained in this communication is strictly prohibited.

Example of Application of All or a Portion of the Commerce Park Surplus Property Sales / Lease Proceeds to the Current Debt Service

<u>Lender</u>	<u>Original Principal</u>	<u>Latest Principal Balance</u>	<u>Annual Interest Rate</u>	<u>Current Annual Payment</u>	<u>Current Monthly Payment</u>	<u>Term in Years</u>	<u>First Payment Date</u>	<u>Last Payment Date</u>
Rural Development								
2002 Revenue Bond	\$ 2,083,500	\$ 1,971,008	4.75%	\$ 119,448		38	3/19/2005	3/19/2024
2005 Revenue Bond	\$ 2,300,000	\$ 2,218,409	4.38%	\$ 123,096	\$ 10,258	38	4/2/2006	5/2/2042
<u>Stellar One</u>	\$ 1,376,831	\$ 1,121,072	5.00%	\$ 113,962		22	2/1/2003	2/1/2004
Total Current Debt	\$ 5,760,331	\$ 5,310,489		\$ 356,506				

<u>Appraised Value</u>	<u>Acreage</u>	<u>Basis</u>	<u>Value</u>	<u>Value Per Acre</u>	<u>Estimated Minimum Auction Sale</u>	<u>Potential Lease / Purchase Financed Rate</u>	<u>Term in Years</u>	<u>Annual Lease / Purchase Revenue</u>
Core Commerce Park	839	MAI 2009	\$ 5,200,000	\$ 6,198				
35 Surplus Acres:			\$ 662,500					
Church Buffer	4	County Tax			18000	3.75%	20	(\$1,281)
Balance of Area	31	Assessment		\$ 21,371	\$ 500,000	5.00%	20	(\$39,597)
55 Surplus Acres	55		\$ 330,600	\$ 6,011	\$ 150,000	5.00%	20	(\$11,879)
					\$ 650,000			(\$52,757)

Application of Sales Proceeds (Except Church Buffer) to Reduce Outstanding Prinnicipal

<u>Loan:</u>	<u>% of Principal</u>	<u>Reduced Principal</u>	<u>Annual Interest Rate</u>	<u>Current Annual Payment</u>	<u>Years Remaining on Loans</u>	<u>Last Payment Year</u>
Rural Development						
2002 Revenue Bond	37%	\$ 1,732,298	4.75%	\$ 119,448	25	2036
2005 Revenue Bond	41%	\$ 1,949,737	4.38%	\$ 123,096	28	2039
<u>Stellar One</u>	22%	\$ 978,454	5.00%	\$ 113,962	11	2022
Total Current Debt	100%	\$ 4,660,489		\$ 356,506	12 to 29	2039

Application of Lease Proceeds from 35 Acres Toward Loan Payments and Retain 55 Acres

<u>Esitmed Appraised Value of Retained Lands</u>	<u>Loan:</u>	<u>Current Annual Payment</u>	<u>% of Principal</u>	<u>Application of Lease Proceeds to Loan Payments</u>	<u>New Debt Service Pledge for Water and Sewer</u>	<u>New Debt Service Pledge for Sewer Only</u>
Core Commerce Park	<u>Rural Development</u>					
55 Surplus Acres	2002 Revenue Bond	\$ 119,448	37%	\$ 15,012		
Total Collateral	2005 Revenue Bond	\$ 123,096	41%	\$ 16,897		
<u>Loans' Principal</u>						
2002 RD Rev Bond	<u>Stellar One</u>	\$ 113,962	22%	\$ 8,969		
2005 RD Rev Bond						
Stellar One	Total Current Debt	\$ 356,506	100%	\$ 40,878	\$ 55,572	\$ 45,233
Total Principal		\$ 5,310,489				



Virginia's First Regional Industrial Facility Authority

6580 Valley Center Drive, Suite 124

Radford, VA 24141

Phone (540) 639-1524 FAX (540) 831-6093

May 12, 2010

Mr. Ronnie Lester
PO Box 369
Newbern, VA 24126

Sent by Registered Mail, Return Receipt
Requested and by Personal Delivery to
5395 5C Road, Dublin Virginia

Dear Mr. Lester:

Please accept this letter as notice of violation by you of the terms of the lease for the residence you occupy located at 5395 5C Road, Dublin, Virginia, which you lease from the Virginia's First Regional Industrial Facility Authority. A copy of the lease is enclosed for reference.

I have been unable to contact you since January by telephone or visits to the leased property. I understand you have lost employment and are experiencing financial difficulty. No rental payments have been made since July 1, 2009. The rent due is in serious arrears, now totaling \$2208.50. Late fees of \$20 per month, totaling \$200 also apply. In recognition of your past faithful compliance with lease terms, action on the lease violations has been postponed in hopes you would be able to bring the rent owed current. The rent calculations were also reduced in consideration of your mowing of the Mebane house lawn and monitoring the Mebane house for security.

In an attempt to assist you and maintain the property during this past winter, the Authority has paid for the electric service at the residence. Total payments for electric service to date total \$1,465.36. This amount is also due.

The total electric and rent due is \$3,873.86, not including any electrical expense through May 30. Enclosed are two copies a note for the amount due. Please sign and return one copy of the note in the enclosed post paid envelope. The note requires the amount due to be paid in monthly installments of no less than \$300.

In accordance with the lease terms, notice is hereby given for you to vacate the property no later than May 30, 2010. The Authority reserves all rights to enter the property and take possession as provided by the lease terms.

Should you have any questions or concerns relative to this notice or termination of the lease, please do not hesitate to contact me. I am most readily reached by calling 804/441-1646. You may also leave voice mail at 540.639.1524 extension 218. You may also contact Regional Planner Christy Straight regarding this matter at 540/639-9313, extension 209.

Sincerely,

Joseph N. Morgan,
Executive Director

CC: Attorney Jim H. Guynn
Regional Planner Christy Straight

enclosures



Virginia Association
of Counties Group
Self Insurance
Risk Pool

2010-2011 Renewal Quotation for Self Insurance for Property & Liability

Proposal to
VA's First Regional
Industrial Authority

Presented on

April 16, 2010

Package coverages, terms,
conditions and exclusions
are only briefly outlined.
For complete provisions
please refer to the
coverage contract.

Virginia Association of Counties Group Self-Insurance Risk Pool
VA's First Regional Industrial Authority
CONTRIBUTION SUMMARY FORM

	Coverage	Deductible	Contribution
I	Property – “All Risks”; Replacement Cost; No Coinsurance; Blanket	\$1,000	\$737
	Inland Marine – Replacement Cost if Reported, Otherwise Actual Cash Value	\$0	Included
	Computers	\$1,000	Included
II	General Liability – \$2,000,000 Combined Single Limit; Occurrence Form; No Annual Aggregate; Non-audited	None	\$163
III	Law Enforcement Liability – \$2,000,000 Limit Each Wrongful Act	N/A	N/A
IV	Public Officials Liability – \$1,000,000 Limit Each Wrongful Act	\$5,000	\$550
V	Automobile – \$2,000,000 CSL on All Autos	None	\$150
	Comprehensive/Collision on All Autos; Automatic Coverage for Additions; Non-audited	\$0	Included
VI	Crime – Blanket \$250,000 Faithful Performance; In/Out Robbery; Counterfeit; Forgery; Computer Fraud	\$250	\$0
VII	Increase Limits for GL and Auto to \$2,000,000	None	N/A
VIII	Environmental Liability - \$1,000,000 Limit	\$25,000	Included
IX	Workers' Compensation Coverage A – Statutory Coverage B – \$1,000,000	N/A	N/A
	Total Annual Contribution		\$1,600
	Boiler & Machinery – \$1,000 Deductible		\$63
	Dividend Rate Credit		(\$1,663)
	Dual Program Discount, if applicable		(\$0)
	GRAND TOTAL CONTRIBUTION		\$1,663

Coverage augmentations and clarifications are written in blue on the pages to follow.

PROPERTY

Buildings & Contents:

Basis of Premium:

Total Building Values:	<u>\$ 666,000</u>
Total Contents Values:	<u>\$</u>
Business Income/Extra Expense: (\$100,000 automatic)	<u>\$ 100,000</u>

Inland Marine:

Basis of Premium:

Blanket Inland Marine Values:	<u>\$ 42,350</u>
Contractors' Equipment:	<u>Included</u>

Additional Coverages: (no additional charge)

- A&E fees for plans, specifications and supervision included upon replacement
- Back-up of Sewers & Drains: **\$1,000,000 Limit**
- Debris Removal: **up to \$20,000,000**
- Pollutant Clean-up and Removal: **\$500,000 Limit**
- Error in Reporting Provision
- Improvements and Betterments to buildings leased by the entity
- Miscellaneous Unnamed Property: \$500,000 Limit
- Newly Acquired Property: **\$20,000,000 Limit** (under \$500,000 in value covered until renewal at no additional charge; additional charge for new values above \$500,000)
- Property in Transit: up to \$5,000,000
- Off Premises Power Failure: **\$2,000,000 Limit**
- Signs, fences, light poles, antenna, masts and towers; retaining walls are covered within 1,000 feet of the premises provided their values are included in the schedule
- Building Ordinance/Increased Cost of Construction/Demolition: **up to \$20,000,000**

Additional Coverages: (additional charge)

- Builders' Risk (Optional - must be reported)

Perils Covered:

- "All Risks" except as excluded by the coverage contract. Flood (if outside the 100 year flood plain) and Earthquake are included on a limited basis.

Deductible:

- \$1,000
- \$25,000 for Flood & Earthquake

Valuation:

- Replacement Cost: Building & Contents; Functional Replacement Cost: Inland Marine

Other Terms:

- Blanket Limit
- No Coinsurance: Subject to Reporting 100% of Replacement Cost Values

COMPUTERS

Basis of Premium:

Hardware:	<u>Included</u>
Software:	<u>Included</u>

Perils Covered:

- All risk of direct physical damage loss (subject to policy exclusions) including electrical and mechanical breakdown

Deductible:

- \$ 0

Valuation:

- Functional Replacement Cost, subject to reporting of 100% replacement values, otherwise Actual Cash Value

Other Terms:

- Cost of reproducing data, media, and computer programs and extra expense **up to \$100,000**: (Evidence of off-premise back-up must be provided for coverage to apply)

GENERAL LIABILITY

Combined Single Limit

Basis of Premium:

Net Operating Expenses: \$ 65,035

Limits:

- \$2,000,000 Combined Single Limit for Bodily Injury and Property Damage, each occurrence
- No annual aggregate

Additional Coverages:

- **Contractual Liability for covered contracts**
- Personal Injury and Advertising Liability
- Broad Form Property Damage Liability
- Incidental Medical Malpractice for employed EMTs and nurses
- Limited Worldwide Liability
- Owned Watercraft under 26 feet
- Products/Completed Operations
- Volunteers included as covered persons (volunteer fire & rescue is excluded)
- **Punitive Damages covered in most cases**
- Athletic Participation included
- Employee Benefits Liability

Sub-limits:

- **\$500,000** Fire Damage Legal Liability – Real Property
- \$100,000 Care, Custody and Control of Others' Property

Deductible:

- None

PUBLIC OFFICIALS LIABILITY

Limits:

- \$1,000,000 each wrongful act
- \$1,000,000 annual aggregate

Deductible:

- \$ 1,000 per occurrence

Policy Form:

- Occurrence

Coverages:

- **County Attorney considered covered persons**
- Special Enforcement Officers not under the control of Sheriff considered covered persons
- Employment Practices
- Sexual Harassment
- Defense cost in addition to policy limits

Defense Limit of \$100,000 provided for the following excluded coverages:

- **Fraud, dishonesty and criminal acts**
- **Profit and gain**
- **Violation of statute**
- **Failure to maintain insurance**
- **Breach of fiduciary duty**
- **Breach of contract, other than failure to pay**
- Land Use/Eminent Domain

AUTOMOBILE LIABILITY AND PHYSICAL DAMAGE

Basis of Premium:

Number of Vehicles: 0

Liability:

Limits:

- \$2,000,000 Combined Single Limit for Bodily Injury and Property Damage each occurrence
- No annual aggregate
- \$5,000 Medical Payments (Per Person)
- \$2,000,000 Non-owned and Hired Auto liability (excess over any other collectible insurance)

Physical Damage:

Deductibles:

- \$N/A Comprehensive
- \$N/A1,000 Collision (ACV)
- \$250 Physical Damage to Hired or Borrowed Autos

Additional Coverages:

- Out of State No Fault Coverage provided at the basic minimum limits required by state law
- Newly acquired vehicles covered until renewal at no additional charge
- Statutory Uninsured Motorist Coverage
- Unlimited Physical Damage for all covered vehicles; deductible will apply
- Replacement cost coverage can be provided on any vehicle with a replacement cost value in excess of \$25,000:
 - Must be reported at 100% of replacement cost value
 - Additional charge will apply

CRIME

Coverage Forms:

- Faithful Performance / Employee Dishonesty*
- Blanket Position (constitutional officers excluded without endorsement)*
- Loss Inside the Premises*
- Loss Outside the Premises*
- Money Orders and Counterfeit Paper Currency
- Depositors Forgery
- **Computer Fraud**

Limit:

- \$250,000 per occurrence

Deductible:

- \$250 per occurrence

* Coverage for Food Stamps included

INCREASED LIMITS

Limits:

- \$2,000,000 **Total Limit** for Liability Coverage

Coverage:

- Applies to Business Auto Liability
- Applies to General Liability
- Follows Coverage Forms for General Liability and Business Auto Coverages

Deductible:

- None

ENVIRONMENTAL LIABILITY

Covered by: American Safety Group, Inc.

Limit: \$1,000,000 Master Policy Limit

Deductible: \$25,000

This coverage provides financial protection and third party cleanup for above ground pollution exposures. Water & sewer operations, transfer stations, spraying of pesticides and herbicides, golf courses, above ground storage tanks, and exposures of this type are covered by the program.

Exclusions: Landfills, Underground Storage Tanks, and Hospitals. VACoRP could place coverage for these excluded exposures through a commercial carrier, if desired.



Virginia Municipal Liability Pool
PROPERTY & LIABILITY COVERAGE

Virginia's First Regional IFA
July 1, 2010 to July 1, 2011



VML
Insurance
Programs

Virginia Municipal League Insurance Programs
1.800.963.6800 • 804.273.0038 • Fax: 804.273.0560
www.vmlins.org • P.O. Box 71420 • Richmond, VA 23255



15-Apr-10

Joseph Morgan
Executive Director
Virginia's First Regional IFA
6580 Valley Center Drive
Suite 124
Radford, VA 24141

Dear Mr. Morgan,

Thank you for giving us the opportunity to provide Virginia's First Regional IFA a property and liability quote. The Virginia Municipal Liability Pool (VMLP) began on July 1, 1986 and provides property and liability coverage to more than 330 local governments.

We hope that you will allow us to service your property and liability insurance needs. If you have any questions about this quote please contact me at 800-963-6800.

Sincerely,

A handwritten signature in blue ink that reads 'Ann Chandler'.

Ann Chandler, AIAM
Underwriter

Enclosures

Virginia's First Regional IFA

CONTRIBUTION **SUMMARY**

	Annual Contribution
Automobile Coverage	\$117
Local Government Liability	\$234
Public Officials	\$198
No Fault Property Damage (Optional)	\$125
Property	\$880
Boiler & Machinery	\$285

Total Cost without Excess Liability	\$1,839
--	----------------

Total Cost with Excess Liability included (over GL, AL and employers liab. only)		
	Annual	
\$1,000,000	\$100	\$1,939
\$2,000,000	\$127	\$1,966
\$3,000,000	\$143	\$1,982
\$4,000,000	\$159	\$1,998
\$5,000,000	\$173	\$2,012

Annual

\$1,000,000	\$100	\$1,939
\$2,000,000	\$127	\$1,966
\$3,000,000	\$143	\$1,982
\$4,000,000	\$159	\$1,998
\$5,000,000	\$173	\$2,012

Quarterly installments available.

Member Fee (One time only)	\$100
-----------------------------------	--------------



Virginia's First Regional IFA

AUTOMOBILE **COVERAGE**

POLICY PERIOD:

07/01/10 - 07/01/11

LIMITS AND COVERAGES:

\$1,000,000 CSL for bodily injury & property damage
\$10,000 Medical Payments

Statutory uninsured motorist - minimum limits \$25,000/\$50,000/\$20,000 per occurrence.

VMLP provides uninsured motorist coverage at the minimum limits required by law. It is in the member's best financial interest as a member to limit this coverage to what is required by law. Unlike liability coverage, you do not owe any money beyond the limits that are insured.

Garage and Garagekeepers Liability, Hired, Non-Owned Automobile Physical Damage, and Rental Reimbursement coverages included.

POLICY FORM:

Occurrence - covers claims which occur during the period 07/01/10 through 07/01/11.

TOTAL AUTOMOBILE CONTRIBUTION:

	Annual
Automobile Liability	\$117
Uninsured Motorist	included
TOTAL	\$117

VMLP Member Advantage

VMLP does not charge additional premium during the policy year for newly acquired vehicles nor does it return premium for vehicles a member drops from the schedule. This generally works to a member's advantage as older vehicles are replaced by newer vehicles with higher physical damage costs.

VMLP also provides auto physical damage replacement cost coverage for all vehicles with an initial purchase cost in excess of \$75,000. These coverage enhancements serve to assist members in managing their budgets.



Virginia's First Regional IFA

LOCAL GOVERNMENT **LIABILITY**

(includes General Liability, Public Officials/School Board Legal and Law Enforcement Liability)

POLICY PERIOD:

07/01/10 - 07/01/11

LIMITS AND COVERAGES:

Each occurrence limit	\$1,000,000
Damages to Premises Rented to You	\$100,000 <i>Any one fire</i>
Defense of certain excluded occurrences	\$100,000
Land Use Coverage	\$100,000
Medical expense limit	\$10,000 <i>Any one person</i>

Deductible *None*

POLICY FORM:

Occurrence - covers claims which occur during the period 07/01/10 through 07/01/11.

TOTAL CONTRIBUTION (NON-AUDITABLE):

General Liability	\$234 Annual premium
Public Officials Liability	\$198 Annual premium

Constitutional officers are excluded from coverage.

VMLP Member Advantage

VMLP provides Land Use Coverage to protect members from claims or suits arising out of a variety of land use issues including, but not limited to inverse condemnation and injunctive relief actions. See policy for details. Coverage for these type claims or suits are typically excluded by commerical carriers. While Land Use Coverage may be offered by other pools, you should be aware that VMLP's coverage has no deductible and members are not required to pay a pro rata portion of each claim.



Virginia's First Regional IFA

NO FAULT PROPERTY DAMAGE COVERAGE- OPTIONAL **COVERAGE**

POLICY PERIOD:

07/01/10 - 07/01/11

LIMITS AND COVERAGES:

Each occurrence limit \$10,000

No Deductible

TOTAL CONTRIBUTION (NON-AUDITABLE):

No fault property damage coverage \$125 Option

VMLP Member Advantage

VMLP offers optional no fault property damage coverage. This is provided on both the automobile and general liability policies on a non several basis. The coverage provides payments to third party claimants for property damage without regard to fault. The limit is \$10,000 per occurrence. The coverage is similar to medical payments coverage already available under the automobile and general liability policies which makes no fault payments to third party claimants for bodily injury.



Virginia's First Regional IFA

EXCESS LIABILITY **COVERAGE**

(over Local Government Liability and Automobile Liability)

POLICY PERIOD:

07/01/10 - 07/01/11

Following form over primary automobile liability, local government liability and employer's liability.

Occurrence - covers claims which occur during the period 07/01/10 through 07/01/11.

<u>LIMIT</u>	<u>TOTAL CONTRIBUTION</u>
	Annual
\$1,000,000	\$100
\$2,000,000	\$127
\$3,000,000	\$143
\$4,000,000	\$159
\$5,000,000	\$173

Quotes for excess liability limits up to \$9,000,000 excess of \$1,000,000 are available upon request.



Virginia's First Regional IFA

PROPERTY **COVERAGE**

POLICY PERIOD:

07/01/10 - 07/01/11

<u>Limit</u>	<u>Coverage</u>	<u>Deductible</u>	<u>Annual Premium</u>
\$666,000	Blanket Real and Real Personal Property Replacement Cost, Agreed Amount	\$1,000	\$787
\$42,350	Miscellaneous Equipment	\$250	\$93
	PROPERTY CONTRIBUTION, ANNUAL		\$880



PROPERTY AUTOMATIC EXTENSION OF **COVERAGE**

The following Property Extensions of Coverage are automatically provided as a part of the property program. Each Extension of Coverage stated below is provided on a per occurrence basis, except as noted. The extensions of coverage apply at premises specified in the Statement of Values. When additional limits are being quoted, the Extension of Coverage has been noted on the prior page and include the limits stated below. The property deductible is a combined deductible and applies on a per occurrence basis. The deductible includes the Extension of Coverage except as otherwise stated.

Extension of Coverage	Automatic Limit
Temporary Removal of Property- 90 days	\$250,000
Debris Removal	25% of the combined Building and Personal Property and Time Element limits subject to a maximum of \$500,000, whichever is less.
Pollution Cleanup and Removal	\$25,000 each location per occurrence/aggregate
Fire Department Services Charges	\$25,000
Exhibition, Exposition, Fair or Trade Show	\$250,000
Trees, Plants, and Shrubs	\$ 25,000 subject to a maximum of \$1000 each
Unscheduled Property - applicable	\$100,000 to Real and Personal Property combined
Electronic Data Processing Equipment, Data and media coverage includes mechanical breakdown, and electrical injury, and transit.	\$25,000
Signs- Outdoor signs when not otherwise covered	\$5,000



PROPERTY AUTOMATIC EXTENSION OF **COVERAGE** (Continued)

Accounts Receivables	\$25,000
Valuable Papers and Records	\$25,000
Fine Arts including Fine Arts in Transit	\$10,000
Money and Securities - coverage applies excess of any other coverage subject to a deductible of \$250 per occurrence.	
On Premises	\$25,000
Off Premises	\$25,000
Extra Expense/Business Interruption/Expediting Expense	\$100,000
Newly Acquired Property - 120 days	\$1,000,000 subject to a maximum of \$250,000 for Extra Expense
Contingent Liability:	
Operation of Building Laws	50% of the value of the building specified in the Statement of Values subject to a maximum of \$500,000
Demolition	\$250,000
Increased Cost of Construction	\$250,000
Loss of Rents	\$100,000



PROPERTY AUTOMATIC EXTENSION OF **COVERAGE** (Continued)

- | Replacement on the same or a different site permitted.
- | Architects' and engineers' fees, plans, specifications and supervision included in any loss recovery.
- | Optional addition of "Error in Reporting by Insured Endorsement", reading as follows, "Coverage shall not be invalidated nor affected by inadvertent errors, omissions, or improper descriptions of premises or operations described in the policy".
- | Personal Property of Others automatically included in the definition of Personal Property.
- | Retaining walls which are not part of the building, as long as they are scheduled on the Statement of Values.
- | Water damage including back up of sewers and drains, underground water through foundations, walls and floors, and damage to basements.
- | Collapse included as an additional coverage.
- | Theft is automatically included without a sublimit.
- | Property outside described premises is included when within 1000 feet of the premises. Expenses incurred by the insured to recover and temporarily safeguard property in the event of imminent or actual loss or damage by a covered cause of loss.



Virginia's First Regional IFA

BOILER & MACHINERY **COVERAGE**

POLICY PERIOD:

07/01/10 - 07/01/11

LIMITS AND COVERAGE

Scope of Coverage:

Extended Comprehensive coverage for all boiler/machinery/electrical equipment including production and maintenance machines and computer control equipment used for energy control

Property Damage Limit:

\$1,000,000

Property Damage Deductible:

\$1,000 all objects except; A/C & Refrigeration systems, connected compressors & motors:
\$1,500 b/w 0-49HP/TON
\$2,500 b/w 50-99HP/TON \$5,000 b/w 100-299HP/TON over 300 HP/TON -refer to VMLP and
\$2,500 on all motors & pumps > 500HP,
\$1.50 per KVA on all transformers > = 5,000 KVA with minimum deductible of \$5,000.

Repair or Replacement Coverage:

Included

Explosion Coverage:

Included

- \$100,000 -CFC (Refrigerant Coverage)
- \$100,000 -Expediting Expenses
- \$100,000 -Hazardous Substances
- \$100,000 -Perishable Goods/Consequential Damage/Ammonia Contamination
- \$250,000 -Demolition & Increased Cost of Construction
- \$250,000 -Newly Acquired Location Coverage - 120 days
- \$100,000 -Computer coverage

Bodily Injury Liability:

Excluded

Lightning Loss:

Included

60 Days Notice of Cancellation:

Included



Ice rink piping exclusion applies.

BOILER & MACHINERY COVERAGE (continued)

Loss Adjustment Agreement: Included

Extra Expense: Included

Limit of Loss: \$100,000
100% Period of Restoration

12 Hour Waiting Period

All Objects, Including Utility-Owned Transformers and Miscellaneous Electrical Apparatus used to supply power to the Premises of Insured (service interruption)

ANNUAL CONTRIBUTION: \$285

BOILER AND MACHINERY HIGHLIGHTS

Extensions of coverage are as follows:

1. The functioning of a safety or protective device is not excluded.
2. Testing accidents are covered except for hydrostatic, gas pressure and insulation breakdown tests.
3. The failure of expendable items (gaskets, seals, etc.) is not excluded.
4. Leakage at joints, etc. is not excluded.
5. Data processing, calculating, and computing equipment is covered.
6. X-ray machines, spectrographs, etc. are covered.
7. Electrical drying out costs covered (flood is excluded).
8. Ovens, stoves, furnaces, incinerators and kilns are covered.
9. Elevators, escalators, conveyors, hoists and cranes are covered.
10. Perishable goods coverage extends to all perishables, not just food.



VML Insurance Programs
Business Proposal

Property & Liability Coverage for
Virginia's First Regional IFA



VML Insurance Programs **The VML Advantage**

Since its inception in 1980, VML Insurance Programs has been the leading provider of property and casualty insurance and risk management services to Virginia local governments. VML Insurance's staff includes an attorney, a certified human resources professional, a certified safety professional, two registered nurses, a former police officer and a team of seasoned claims representatives and underwriters. The staff, which is led by a management team that has an average tenure of 12 years, is dedicated to serving Virginia local government's needs.

With assets of greater than 175 million dollars and members' equity of nearly 50 million dollars, VML Insurance Programs is by far the most financially secure self insurance pool in Virginia. Insurance pools in Virginia are assessable so it is vital to have your coverage with an organization that is financially secure. VML Insurance Programs has contracted with nationally recognized money managers, actuaries, financial and claims auditors to ensure that your insurance dollars are maximized and your risk mitigated.

Our members have access to several services that are not available elsewhere:

- a.** Human resources telephonic consulting services for state issues
- b.** 24/7 HR Hotline for federal employment issues
- c.** Legal bulletins with HR topics
- d.** VML Insurance Monthly Communication which covers a variety of public entity related issues
- e.** Law Enforcement consulting services
- f.** On-Line University - low cost efficient training (free course uses included in this proposal)
- g.** 24/7 workers compensation claims reporting and nurse triage services
- h.** The most comprehensive workers compensation provider network in Virginia
- i.** Interactive web site where losses can be reported, where you can run reports, and manage your vehicle, municipal equipment and real property schedules
- j.** Specialized coverages that are designed to meet your needs

Our programs are designed to meet the needs of all Virginia local governments from the smallest to the largest. VML Insurance provides the most comprehensive insurance program available today for Virginia's local governments. Our coverages and services are second to none. We invite you to join our 450 local government members which are already benefiting from the use of our products and services.



VML Insurance Programs **Your Service Team**

Position	VML Contact	Years of Experience
Managing Director	Steve Craig	23 years
P & L Claims Director	Chuck Finley	24 years
P & L Claims Adjuster	Scott Martin	39 years
P & L Fast Track Adjuster	Kim Price	16 years
Underwriting Director	Cathie Moreland - Hasty	18 years
Underwriter	Ann Chandler	13 years
HR Director	Tina Stevens	30 years
Member Services Director	Greg Dickie	30 years
Member Services Consultant	Harry McMillen	8 years

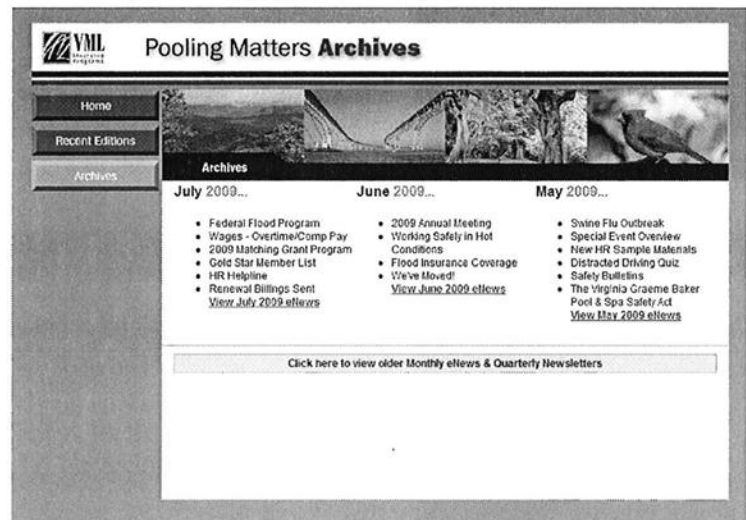


VML Insurance Programs **Services For Elected And Appointed Officials**

Unlike ordinary insurance companies or other pools, VML Insurance Programs offer services that directly benefit boards and councils. The following services are offered to members' governing boards:

- Attend council meeting and review claim(s) with council upon request
- Governing officials' role in managing risks training
- Conflict resolution and consensus building training
- Sample Historic District ordinance and related training
- Land Use Consulting services
- Public Officials' liability avoidance training

- ▶ Training Opportunities
 - Webinars
 - Workshops
 - Online University Courses
 - Online Registration
- ▶ Claims
 - View/Update auto, property and equipment schedules
 - Report a Claim
 - Access a Variety of Claim History Reports
- ▶ Underwriting
 - Complete Renewal Questionnaire
 - Request Certificate of Insurance
 - Access Premium Credit Application
 - View auto, property and equipment schedules
- ▶ Safety Services
 - View and Update Risk Management Guidelines Assessment
 - Access to our Multimedia Library and Safety Modules
 - Apply for Grant Funds
- ▶ Access to Sample Materials for:
 - Safety
 - Property & Liability
 - Human Resources
- ▶ Access to VML Insurance Programs' Publications (New and Archived)
 - Governance Matters
 - Law Enforcement Matters
 - Legislative Reports
 - Monthly eNews
 - Risk Management Matters
 - Risk Management and Insurance Guidelines
- ▶ Get Information About:
 - Awards
 - Scholarship Opportunities
 - Matching Grant Programs
 - Motor Vehicle Records
- ▶ View Meeting Presentations
 - Annual Meetings
 - Workshops





VML Insurance Programs **Human Resources Services**

All services provided as part of the Local Government Liability policy.

- ▶ Certified HR Professional on staff to assist with review of policies, procedures, on line training and VA State specific employment practices
 - FMLA
 - ADA
 - FLSA
 - Job Posting
 - Performance Documentation
 - Corrective Actions and Terminations
- ▶ Human Resources Helpline, available 24/7 to assist with Federal employment practices
- ▶ Telephonic consultation available; onsite available for complex issues or trainings
- ▶ Resource Library containing dozens of HR training DVDs and books
- ▶ Customizable sample forms, documents and other materials available on website
 - Sample Personnel Manual with Grievance Procedures
 - Policies and Procedures to support Personnel Manual
 - FMLA documents
 - Mandatory Employment Posters
 - Performance Appraisals
 - Job Descriptions
- ▶ Webinar trainings
 - New Supervisor Series, with supporting materials, offered annually
 - Monthly webinars on current HR hot topics and Federal updates
- ▶ Approved provider of HRCI Credit for your HR professionals
- ▶ In depth research on specific HR issues conducted for you
- ▶ Presentations on HR topics of interest offered at regional workshops
- ▶ HR Risk Management papers available on website
- ▶ Online University Courses - low cost efficient training for manager/supervisors
 - Sexual Harassment
 - Workplace Violence
 - Workplace Diversity
 - Stress Management
 - Resolving Conflicts
 - Effective Discipline
 - Hiring Winning Talent
 - Providing Performance Feedback
 - Developing Performance Goals and Standards
 - Essential Skills of Communication
 - Essential Skills of Leadership
 - Motivation in the Workplace



VML Insurance Programs **Property & Liability Claims Services**

- ▶ On-Line Claims Reporting via secure website
- ▶ E-mail of claims acknowledgement letters to member claims contacts
- ▶ Access to Claims Reports via website
- ▶ Each member is assigned one claims professional to handle all claims from start to finish
- ▶ Continuing education for claims staff in litigation management, Federal Civil Rights claims, and Virginia Local Government claims
- ▶ Defense counsel specializing in defending Virginia Local Governments
- ▶ Fast Track claims adjuster to handle quick turnaround claims and free staff adjusters for more complicated cases
- ▶ Law Enforcement specialist to aid in investigation of police liability claims
- ▶ Dedicated subrogation specialist focusing on recovery of Pool funds from responsible parties
- ▶ Periodic Webinars for members on Property & Liability Claims issues



VML Insurance Programs **Safety Services**

- ▶ On Site Risk Management Consultation
- ▶ Risk Management Training and Workshops
 - One-on-One
 - On Site/Member-Specific
 - Regionally Hosted to Allow for Interaction With Neighboring Members
 - Webinars Offered Monthly
 - Online University - Training on Demand
- ▶ Risk Management Resource Library (Over 400 titles)
 - Resources Relating to Property and Liability Concerns:
 - Defensive Driving (Equipment and Department specific)
 - Highway Safety
 - Incident Investigation
 - Liability in Government
 - Playground and Recreational
 - Property Management
 - Water/Sewer and Utility Safety
- ▶ Safety Module Program Kits - to assist in program development, training, and enhancement
 - Thirty program kits available to include:
 - Backhoe Safety
 - Fleet Management and Driver Training
 - Incident Investigation
 - Playground Safety
 - Property Loss Prevention
 - Self-Inspections
 - Sewer Backup and Prevention
 - Sidewalk Safety
 - Special Events Liabilities
 - Work Zone Safety
- ▶ 50/50 Matching Safety Grant Program
- ▶ Risk Management Premium Credit Program
- ▶ Safety Tips on the Website – Over 80 Safety and Health Specific Searchable Articles
- ▶ On-Line Training - Over 32 Safety and Health Specific Topics
- ▶ Risk Management Guideline Assessment Tool
- ▶ Policy Development and Review Assistance
- ▶ Free Motor Vehicle Records from DMV accessible through our Website
- ▶ Regulatory Compliance Monitoring Assistance



VMI Insurance Programs **Underwriting Services**

Services:

- ▶ Contract Review
- ▶ Sample Insurance Requirements for vendors
- ▶ Property valuation services
- ▶ Risk Management Premium Credit Program
- ▶ Insurance Placement for coverages available outside of the program
- ▶ Deductible analysis
- ▶ Specialized premium allocations
- ▶ Experience modification analysis
- ▶ Boiler inspections, free of charge
- ▶ Annual exposure reviews
- ▶ Review and clarification of coverage with members
- ▶ Management coverage review and redesign based on results of exposure analysis

Coverages Beyond the Standard:

The following are available with the purchase of Public Officials Coverage (Local Government Liability policy):

- ▶ Occurrence form for all lines including public official liability
- ▶ Land Use Coverage
- ▶ Post Communicable Disease Outbreak Clean Up Coverage
- ▶ Cyber-Loss Mitigation Coverage
- ▶ Crisis Intervention Coverage
- ▶ Kidnap & Ransom Coverage
- ▶ Incidental Medical Services
- ▶ No deductibles
- ▶ No aggregate

The following are available with the purchase of Law Enforcement Coverage (Local Government Liability policy):

- ▶ Occurrence form for all lines including public official liability
- ▶ Coverage for police officers, animal control officers and security personnel
- ▶ No deductibles
- ▶ No aggregate

The following are available with the purchase of property coverage:

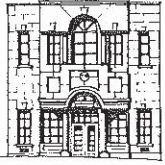
- ▶ Canine Coverage – replacement cost coverage or veterinary treatment for law enforcement canines killed or injured in the line of duty
- ▶ Loss or Revenue Coverage – available as part of the property package
- ▶ Post Communicable Disease Outbreak Clean Up Coverage
- ▶ Historical Property Reproduction Cost

Optional No Fault Property Damage Coverage – provides recovery to third parties for property damage caused by you or your employees for which you are not legally liable.

Special Events coverage available for other organizations serving as sponsors, co-sponsors or vendors through outside TULIP program.

Placement for outside coverages, such as medical malpractice, environmental liability and federal flood insurance.

Three Year Rate Guarantee for qualifying Members.



WOLTZ
& ASSOCIATES
INC.
BROKERS & AUCTIONEERS

May 4, 2010

Mr. Joseph N. Morgan, Consultant
Springsted Incorporated
100 E. Ocean View Avenue # 803
Norfolk, VA 23503

Dear Joe:

I appreciate the opportunity to provide you with an update on the Mebane House listing. If we had been successful in marketing and selling the property this would not be necessary, and I will try to approach this from the standpoint of constructive criticism and recommendations and try to avoid what may sound like excuses.

Two factors are paramount - the market for upper-end historical properties is severely distressed, and this particular property represents a unique challenge because of its location (adjacent to an industrial park) and the overwhelming size of the main house. Fortunately, the house is in reasonably good condition, but I estimate it will probably cost more to restore than anyone will be willing to pay for it.

If you recall, the pricing we set in round one was driven by what it would take to satisfy the loans involved, rather than what we felt it would bring. The total amount of the listing is \$813,750, which includes 5% for negotiating room, and as I recall, we needed around \$775,000+ to satisfy all concerned. I more or less made each of the four parcels carry its own weight in achieving the total target price. Since three of the four parcels were improved, there was some logic in the way the prices were calculated, but I couldn't do this with the unimproved 15.9+/- acre tract which is priced at \$127,500 (\$8,018/acre), and which is totally unrealistic under current market conditions.

Whether you consider continuing to list the property or taking it to auction, it will be a waste of time and money unless a realistic evaluation of the property is realized. An auction will send the message that you are motivated to sell. A reduction in the listing price only says you may or may not be willing to take offers below the listing price which is, as you know, the way listings work. An auction will eliminate the caveat that the house tract must sell first. Everything sells at auction. With our computerized grouping

process, the buyers interested in the land only or the main house only, must outbid the buyer(s) for the entire property. The process also works in reverse. I will be happy to provided a presentation to any interested parties. An auction is exciting, a new listing merely reduces the price on a stagnant property.

PRICING:

Current Pulaski County Assessment

<u>Parcel</u>	<u>Land</u>	<u>Improvements</u>	<u>Total</u>
R			
1			
2			
3			
Total	\$267,200	\$395,300	\$662,500

Estimated Auction Value

<u>Parcel</u>	<u>AC+/-</u>	<u>Land</u>	<u>Improvements</u>	<u>Total</u>
R	16	\$56,000	\$250,000	\$306,000
1	2	8,000	70,000	78,000
2	12	48,000	----	48,000
3	<u>2</u>	<u>8,000</u>	<u>40,000</u>	<u>48,000</u>
Total	32	\$120,000	\$360,000	\$480,000

The above estimates are based on the following assumptions:

Tract designations agree with labeling on the most recent plat, e.g., main house “Residential”

Acreage evaluations are based on an estimated value of \$3,000-4,000/acre.

Tract 2 acreage has been reduced by 4 acres to provide for estimated acreage involved with New Dublin Church buffer.

We are experiencing an across the board reduction of 50% in land values in the past 3 years.

Assessed value on the land increased in 2009 from approximately \$4,200/acre to \$7,320/acre, or 74%. In our opinion this is inconsistent with current economic conditions in the Pulaski County area.

ADDITIONAL ACREAGE:

As we have discussed on several occasions, anything we can do to provide a buffer between the Industrial Facility and this property will make it more attractive to a buyer. Some suggestions:

An easement restricting use of all the land, between the paved road to the main house and the top of the grade at the Industrial Facility, to agricultural use.

Auctioning this same land with restricted use as outlined above.

Relocating the cattle loading/unloading facility away from the main house.

Some combination of the above four options. A well structured lease to a cattle operator can be a positive.

DETERORATION OF MAIN HOUSE:

Vacant properties are susceptible to deterioration because mechanical equipment is under utilized and routine maintenance issues are easily overlooked. This will eventually become more of a problem.

VIEW SHED:

Anything we can do to get the ball rolling to entice the owner/renter of the mobile home on the adjacent property in front of the main house to relocate will be a big plus. Maybe the place to start is to request participation in the maintenance of the paved road which he has used freely for quite some time.

I will be happy to discuss the above comments at your convenience.

Best regards,



Quinn Thomas
Woltz & Associates, Inc.